

BUSINESS MEETING  
BEFORE THE  
CALIFORNIA ENERGY RESOURCES CONSERVATION  
AND DEVELOPMENT COMMISSION

In the Matter of:                     )  
  )  
Business Meeting                     )  
  )  
\_\_\_\_\_                              )

CALIFORNIA ENERGY COMMISSION  
HEARING ROOM A  
1516 NINTH STREET  
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 14, 2007

10:04 A.M.

Reported by:  
Peter Petty  
Contract Number: 150-04-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSIONERS PRESENT

Jackalyne Pfannenstiel, Chairperson

Arthur H. Rosenfeld

John L. Geesman

Jeffrey D. Byron

STAFF and CONTRACTORS PRESENT

B.B. Blevins, Executive Director

William Chamberlain, Chief Counsel

Michael Smith, Legislative Director

Harriet Kallymeyn, Secretariat

Michael Seaman

Jerry Wiens

Rob Hudler

Rajesh Kapoor

Barbara Byron (via teleconference)

Heather Raitt

Gabriel Herrera

Jason Orta

Bill Knox

PUBLIC ADVISER

Nick Bartsch

ALSO PRESENT

Anders Glader (via teleconference)  
PPM Energy

ALSO PRESENT

Les Guliassi  
Pacific Gas and Electric Company

Manuel Alvarez  
Southern California Edison Company

Brenda LeMay  
Horizon Wind Energy

Mike Deangelis  
Sacramento Municipal Utility District

Peter Blood (via teleconference)  
TransAlta Energy Marketing

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

## 1 P R O C E E D I N G S

2 10:04 a.m.

3 CHAIRPERSON PFANNENSTIEL: We'll begin  
4 the meeting with the Pledge of Allegiance.5 (Whereupon the Pledge of Allegiance was  
6 recited in unison.)7 CHAIRPERSON PFANNENSTIEL: Before we go  
8 on to the business agenda this morning, I was  
9 going to ask my colleague, Art Rosenfeld, to say  
10 some words about the former Energy Commission  
11 Staff person who died over the weekend. Art.12 COMMISSIONER ROSENFELD: I'm very sad to  
13 report the completely unexpected death of Don  
14 Aumann who went from perfectly healthy ten days  
15 ago to dead of autoimmune hemolytic anemia at age  
16 47 last Friday.17 Don was a mechanical engineer who got  
18 his bachelors degree from Wisconsin in 1982 during  
19 the high-priced days when we had an energy crisis  
20 and everybody was working hard. Came out here;  
21 worked for PG&E; and then at Lawrence Berkeley  
22 Lab. And then for the Energy Commission.23 And then was so successful here he was  
24 hired by Michael Siminovich to become the Director  
25 of Programs for the new California Lighting

1 Technology Center at Davis.

2 I personally worked with him in all four  
3 of those roles. He was a wonderful team leader;  
4 extremely well respected by all his friends. One  
5 of the recent awards that he got in 2006; there is  
6 a biennial champion of energy efficiency award by  
7 the American Council for Energy Efficiency, for an  
8 energy efficient economy. And Don got that award  
9 in 2006, as I said. His citation noted that he  
10 had invented technical skills, innovation and  
11 persistence and outstanding record of  
12 accomplishment.

13 And we will all miss him deeply. The  
14 memorial service is at 11:00 this morning in  
15 Davis, so we certainly won't do that. And if  
16 anybody is interested in donations in his name,  
17 see me after the meeting. The family has  
18 suggested some charities.

19 Thank you, Jackie.

20 CHAIRPERSON PFANNENSTIEL: Thank you,  
21 Commissioner Rosenfeld. We appreciate that.

22 On the business meeting agenda there are  
23 a couple of changes. Item number 3 is going to be  
24 taken up first. And item number 5 is off the  
25 agenda for this week.

1                   So we'll start with what is listed as  
2           item number 3, possible approval of contract 500-  
3           06-035 for \$2,502,779 with Architectural Energy  
4           Corporation for a coordinated research program  
5           with nine energy efficient lighting projects.

6           Good morning, Mr. Seaman.

7                   MR. SEAMAN:   Good morning,  
8           Commissioners.   I'm Michael Seaman from the PIER  
9           buildings program.   I'd first like to thank the  
10          Commission for its kindness in respecting the  
11          memory of Don Aumann who guided the PIER buildings  
12          program lighting research before I arrived, and  
13          supported me with professional insights, high  
14          quality research contracting and invaluable  
15          friendship.

16                  This proposed \$2.5 million contract with  
17          Architectural Energy Corporation will enable the  
18          PIER buildings program to capture energy savings  
19          from new advanced lighting products and systems.  
20          Architectural Energy Corporation is one of two  
21          successful bidders that responded to a request for  
22          proposals in 2006.

23                  If this proposed contract is approved  
24          Architectural Energy Corporation will conduct a  
25          program of energy efficient lighting research



1       consisting of nine individual research projects.

2               The proposed program, with its nine  
3 projects, has been approved by the RD&D  
4 Commission.

5               This proposed contract will commit 70  
6 percent of the 2005/2006 PIER lighting initiative  
7 budget of 3.6 million. The remaining balance of  
8 the initiative's budget is proposed for a contract  
9 with the other successful bidder, an item  
10 scheduled to be brought before you at your next  
11 business meeting.

12              The proposed contract supports the  
13 loading order of efficiency and demand response,  
14 the Governor's executive orders to reduce overall  
15 electrical consumption, and to promote green  
16 buildings; and the demand response goals of the  
17 Energy Action Plan by developing new energy  
18 efficient lighting systems and controls.

19              This contract has direct benefits to  
20 California. In partnership with lighting  
21 manufacturers and utilities the program will  
22 develop lighting products that will save  
23 significant energy. The nine research projects  
24 have potential to collectively deliver electrical  
25 load savings of 569 gigawatt hours per year and

1       reduce peak load by 179 megawatts.

2               The nine proposed research projects will  
3       be developed in coordination with a program-wide  
4       market connections element intended to bring forth  
5       commercially viable lighting solutions that will  
6       provide California utilities with a stream of  
7       useful products for their emerging technology  
8       programs, while also informing Title 24 and other  
9       code processes.

10              The California IOUs and the  
11       participating lighting manufacturers have  
12       committed \$1.2 million of matching funds to this  
13       program.

14              Staff requests that the Commission  
15       approve this proposed contract. I would be happy  
16       to answer your questions.

17              CHAIRPERSON PFANNENSTIEL: Thank you,  
18       Mr. Seaman. Are there questions, discussion?

19              COMMISSIONER ROSENFELD: This went  
20       through the R&D Committee, of course, and I move  
21       the item.

22              CHAIRPERSON PFANNENSTIEL: Is there a  
23       second?

24              COMMISSIONER GEESMAN: I'll second it.

25              CHAIRPERSON PFANNENSTIEL: All in favor?

1 (Ayes.)

2 CHAIRPERSON PFANNENSTIEL: It's  
3 approved, thank you.

4 MR. SEAMAN: Thank you.

5 CHAIRPERSON PFANNENSTIEL: Now to item  
6 number 1 on the agenda, possible approval of  
7 \$200,000 U.S. Department of Energy clean cities  
8 grant to the Los Angeles County Sanitation  
9 District to co-fund the purchase of five LNG  
10 trucks. Good morning.

11 MR. WIENS: Good morning, Chairman  
12 Pfannenstiel and Commissioners. I'm Jerry Wiens  
13 with the transportation technology and fuels  
14 office in the fuels and transportation division.

15 This is to request approval to proceed  
16 with a grant to the Los Angeles County Sanitation  
17 District of \$200,000 to co-fund the purchase of  
18 five LNG trucks.

19 The funding comes from a USDOE clean  
20 cities award, and is co-funded with the South  
21 Coast Air Quality Management District and the Gas  
22 Research Institute -- Gas Technology Institute.

23 The engines for the five LNG refuse  
24 transfer trucks is to be the Westport ISXG high-  
25 pressure, direct-injection engine. That's the

1       only natural gas engine with over 400 horsepower  
2       and 1500 poundfeet of torque. It's also the only  
3       natural gas heavy duty engine that burns natural  
4       gas in a diesel combustion system, and provides  
5       power and fuel efficiency equal to the base  
6       Cummins 15 liter diesel engine.

7               This engine has been identified in the  
8       San Pedro Bay Ports clean air action plan for  
9       acquisition of over 5000 trucks in the next four  
10      fiscal years. And I've been working with the PIER  
11      program to support further development of this  
12      engine to provide even lower emissions and higher  
13      fuel efficiency for the ports and other potential  
14      markets.

15             Can I answer any questions you may have.

16             CHAIRPERSON PFANNENSTIEL: Are there  
17      questions, or is there a discussion? I do have  
18      one person who'd like to speak to this, but before  
19      that are there Commissioner questions, discussion?

20             Somebody on the phone, Anders Glader  
21      from PPM Energy.

22             MR. GLADER: Yes, this is Anders Glader.  
23      That's a mistake; I'm supposed to be providing  
24      comment to item agenda 8, item 8.

25             CHAIRPERSON PFANNENSTIEL: Okay, thank

1       you.

2               No questions.  Is there a motion on this  
3       item?

4               COMMISSIONER ROSENFELD:  I'll move it.

5               COMMISSIONER GEESMAN:  Second.

6               CHAIRPERSON PFANNENSTIEL:  All in favor?  
7       (Ayes.)

8               CHAIRPERSON PFANNENSTIEL:  It's  
9       approved, thank you.

10              Item 2, possible approval of the City of  
11       Rohnert Park's adoption and enforcement of a local  
12       ordinance for residential buildings requiring  
13       energy efficiency standards more stringent than  
14       the 2005 building energy efficiency standards.  
15       Good morning.

16              MR. HUDLER:  Good morning,  
17       Commissioners.  My name is Rob Hudler; I'm with  
18       the building and appliance standards office.

19              Per the requirements of 10106 of the  
20       building standards local ordinances or local  
21       jurisdictions have the ability to apply for  
22       ordinances that are more efficient than Title 24.  
23       Within those requirements staff is required to do  
24       a detailed analysis of the technical components of  
25       those applications.  And the city or county is

1       also required to provide a cost analysis.

2               Staff has done that review, and has  
3       received the cost analysis and found that in fact  
4       the local ordinance that the City of Rohnert Park  
5       is applying meets all the technical requirements.

6               We have also asked the City approve the  
7       language prior to bringing it before the  
8       Commission, which they did last month.

9               So, at this point in time we'd like to  
10      request the Commission's consideration and  
11      possible approval of the local ordinance.

12              CHAIRPERSON PFANNENSTIEL:  Thank you.  
13      This is another one of those good news stories --

14              MR. HUDLER:  Yes.

15              CHAIRPERSON PFANNENSTIEL:  -- where a  
16      local municipality takes on a more stringent set  
17      of building standards than even ours.  And has met  
18      its set criteria for approving, demonstrating to  
19      us that these are cost effective for their  
20      community.

21              Comments, discussion, questions?  Yes,  
22      Commissioner Byron.

23              COMMISSIONER BYRON:  Thank you.  Mr.  
24      Hudler, quick question, I think.  Is this a trend?  
25      Are we going to see more of these coming forward?

1                   MR. HUDLER: Well, you know, again in  
2                   the past we've typically had one or two a year.  
3                   And we've already had six --

4                   COMMISSIONER BYRON: Right.

5                   MR. HUDLER: -- in this cycle. We have  
6                   two more lined up. And we also understand that  
7                   Southern California Gas and Electric is in the  
8                   process of creating a template for all of their  
9                   jurisdictions to consider for adoption.

10                  COMMISSIONER BYRON: Thank you.

11                  COMMISSIONER GEESMAN: If I could follow  
12                  up on Commissioner Byron, this effort on the part  
13                  of local jurisdictions is one of the most valuable  
14                  resources that the State of California actually  
15                  has. Because particularly in the efficiency  
16                  areas, but also in renewables, as well, the spirit  
17                  of innovation and experimentation within  
18                  California jurisdictions is pretty robust.

19                  Now at some point the burden shifts back  
20                  to us to learn from the experience in these local  
21                  jurisdictions, and to tighten up our statewide  
22                  standards, as well. And I think given the volume  
23                  of interest that we're starting to see come in  
24                  from local jurisdictions, the burden is going to  
25                  be pretty heavy on us in the next go-round of

1 Title 24 tightening.

2 But these local initiatives are one of  
3 the strongest resources that our efficiency  
4 program at the state level actually has.

5 MR. HUDLER: Yeah, and just as an added  
6 point, a lot of these that we're seeing and a lot  
7 of the discussion, while there's definitely a  
8 great interest in energy efficiency, a lot of the  
9 action is related to greenhouse gas reductions.

10 CHAIRPERSON PFANNENSTIEL: I find it  
11 really interesting that while we encourage local  
12 jurisdictions to come in with more stringent  
13 standards, and then we go through a process and we  
14 help them and we then approve their standards,  
15 when we do it the other way to the Department of  
16 Energy, and come in with standards more stringent  
17 than the national standards, we usually don't  
18 receive a very open reception there. We haven't  
19 in the past.

20 Questions, discussion?

21 COMMISSIONER ROSENFELD: I also want to  
22 add my joy. Also, I do want to say in dealing  
23 with the Department of Energy that since the  
24 midterm elections it's been more open than it used  
25 to be.



1 I'm very happy to move this item.

2 COMMISSIONER GEESMAN: I will second the  
3 item, and hope that Commissioner Rosenfeld is  
4 accurate in his assessment. I actually think that  
5 it's about time to pick up the litigative cudgel  
6 again with respect to the Department of Energy and  
7 their treatment of some of these standard-setting  
8 activities.

9 CHAIRPERSON PFANNENSTIEL: Looking at  
10 Mr. Chamberlain.

11 The item has been moved and seconded.  
12 Is there a vote?

13 All in favor?

14 (Ayes.)

15 CHAIRPERSON PFANNENSTIEL: Thank you.

16 MR. HUDLER: Thank you very much.

17 CHAIRPERSON PFANNENSTIEL: Item 4,  
18 possible approval of PIER work authorization MR-  
19 062 for \$242,999 with the University of California  
20 in Merced under the UC Master Research Agreement  
21 500-02-004 with the Regents of the University of  
22 California Office of the President/CIEE. Good  
23 morning.

24 MR. KAPOOR: Good morning,  
25 Commissioners. My name is Rajesh Kapoor and I am

1 a member of PIER staff in energy at the --  
2 research office.

3 Staff requests your approval of this  
4 \$242,999 work authorization with University of  
5 California Merced, under UC Master Research  
6 Agreement 500-02-004 with CIEE.

7 This work authorization is one of the  
8 two projects selected as (inaudible) RD&D  
9 Committee approved solicitation issued in April  
10 2006.

11 California has about 246 refrigerated  
12 warehouses with approximately 475 million cubic  
13 feet of cold storage volume. The total  
14 refrigeration load in these warehouses is  
15 estimated about 120,000 tons. The electric power  
16 requirement estimated at 3 kilowatts per ton is  
17 about 360 megawatts. And the total annual power  
18 consumption, based upon 5000 hours per year, is 18  
19 hundred million kilowatt hours.

20 This sector is responsible for about 20  
21 percent of that total electric energy consumption  
22 of full industry.

23 Therefore energy conservation in  
24 refrigerated warehouses can produce significant  
25 benefits to the electric ratepayers.

1           This project will develop the technology  
2       to remove humidity from air in the refrigerated  
3       warehouse using liquid -- heat exchangers. The  
4       desiccant will be regenerated using waste heat  
5       from the refrigeration system. The project will  
6       be conducted at Del Monte Food refrigerated  
7       warehouse by UC Merced School of Engineering.

8           The proposed technology's expected to  
9       reduce California power needs by around 400  
10      million kilowatt hours annually.

11          In addition, the reduction of  
12      temperature cycling during the storage will  
13      improve the quality of frozen foods. The  
14      contractor is negotiating 92,000 for this project.  
15      The RD&D Committee approved this PIER-funded work  
16      authorization at its meeting on October 17, 2006.

17          Staff requests your approval of this  
18      work authorization. I will be happy to answer any  
19      questions that you have.

20          CHAIRPERSON PFANNENSTIEL: Thank you.  
21      Questions or discussion?

22          COMMISSIONER ROSENFELD: Again, the  
23      Committee was pleased with this report, so I move  
24      it.

25          COMMISSIONER GEESMAN: Second.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 MR. KAPOOR: Thank you.

4 CHAIRPERSON PFANNENSTIEL: It's

5 approved, thank you.

6 The next two items, 6 and 7, I'll read

7 but will be presented by Barbara Byron over the

8 phone.

9 Item 6, possible approval of

10 modification 1 to contract 150-05-005R with the

11 Office of Emergency Services to add \$77,250

12 continuing state emergency response preparation

13 for federal and nuclear waste shipments to the

14 waste isolation pilot project in New Mexico. Ms.

15 Byron is on the phone?

16 MS. BYRON: Yes, I am, Chairman

17 Pfannenstiel. Good morning.

18 CHAIRPERSON PFANNENSTIEL: Good morning.

19 MS. BYRON: Can you hear me all right?

20 CHAIRPERSON PFANNENSTIEL: Just fine,

21 thanks.

22 MS. BYRON: Thank you. I apologize I'm

23 unable to be there in person to present these two

24 items. I will be presenting items 6 and 7

25 together, since they're related.

1                   CHAIRPERSON PFANNENSTIEL: Barbara, let  
2                   me read then item 7 into the record, and then you  
3                   can discuss both.

4                   MS. BYRON: All right, thank you.

5                   CHAIRPERSON PFANNENSTIEL: Item 7 is  
6                   possible approval of modification 3 to contract  
7                   RMB 150-05-004 with the Western Governors  
8                   Association to one, acknowledge authorization of  
9                   next quarterly funding increment of \$63,250 to the  
10                  Energy Commission; two, redirect funds from  
11                  personnel to equipment to allow the Office of  
12                  Emergency Services to purchase and calibrate  
13                  radiation detection equipment; and three, continue  
14                  to authorize the Executive Director to execute  
15                  modifications of this agreement through June 30,  
16                  2007, to receive additional quarterly funding  
17                  increments.

18                  Barbara, why don't you go ahead and  
19                  discuss the two items.

20                  MS. BYRON: The Western Governors  
21                  Association provides funding to the State of  
22                  California through a contract with the California  
23                  Energy Commission. And to date, under this  
24                  contract, they've passed through to the Energy  
25                  Commission, \$295,500. Most of these funds, we,

1 the Energy Commission, in turn passes through to  
2 the Office of Emergency Services for training and  
3 equipment, and to the California Highway Patrol  
4 for inspections and officer training.

5 These two items are -- has provided the  
6 next quarterly increment and these two items are  
7 to modify the current contracts so these funds can  
8 be provided to the OES.

9 And I request approval of these two  
10 contract modifications, and would be happy to  
11 answer any questions that you may have.

12 CHAIRPERSON PFANNENSTIEL: Thank you,  
13 Barbara. Are there questions? Commissioner  
14 Geesman.

15 COMMISSIONER GEESMAN: Barbara, the  
16 Western Governors Association gets the money from  
17 DOE, do they not?

18 MS. BYRON: Yes, that's correct.

19 COMMISSIONER GEESMAN: Thank you. I'm  
20 prepared to move -- I think you probably want two  
21 separate motions?

22 CHAIRPERSON PFANNENSTIEL: Yes, please.

23 COMMISSIONER GEESMAN: I'll move item 6.

24 COMMISSIONER BYRON: I'll second it.

25 CHAIRPERSON PFANNENSTIEL: All in favor

1 of item 6?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: Item 7, is  
4 there a motion?

5 COMMISSIONER GEESMAN: I'll move item 7.

6 COMMISSIONER BYRON: And second.

7 CHAIRPERSON PFANNENSTIEL: All in favor?

8 (Ayes.)

9 CHAIRPERSON PFANNENSTIEL: They have  
10 been approved; thank you, Barbara.

11 MS. BYRON: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Item 8,  
13 possible adoption of Committee draft renewable  
14 portfolio standard eligibility guidebook. The  
15 guidebook describes the eligibility requirements  
16 and process for certifying renewable resources as  
17 eligible for California's renewable portfolio  
18 standard and supplemental energy payments, and  
19 describes how the Energy Commission is designing  
20 and implementing an accounting system to verify  
21 compliance with the RPS.

22 And I should mention we have a number of  
23 the public who wish to speak on this item. But,  
24 to start with, Ms. Raitt.

25 MS. RAITT: Good morning, Commissioners.

1 I didn't know if you wanted to take all the  
2 guidebooks in one, or should I just go over the --

3 CHAIRPERSON PFANNENSTIEL: I think we'd  
4 better do them individually. We have different  
5 discussions on them.

6 MS. RAITT: Okay, great. We are  
7 bringing to you today five guidebooks that are --  
8 we are asking for revisions to guidelines to  
9 implement the renewable energy program which  
10 provides incentives to new, existing and emerging  
11 renewable facilities in the goal of developing a  
12 self-sustaining market for renewables in  
13 California.

14 And the first guidebook is the renewable  
15 portfolio standard eligibility guidebook. But, I  
16 will go over the public process that we use to  
17 develop all five of the guidebooks, or to propose  
18 the -- develop the revisions that we're proposing  
19 today.

20 The changes are needed to reflect  
21 statutory changes in the law from SB-107, Senate  
22 Bill 1250, Assembly Bill 2189 and to address  
23 regulatory and market developments.

24 The changes to the RPS eligibility  
25 guidebook were developed with extensive public



1 input and also collaboratively with the CPUC. The  
2 changes are to the December 2006 draft. And we  
3 initially held a public workshop on January 10th  
4 to receive comment on a staff draft of the  
5 guidebook.

6 And following that we received comments  
7 from 27 parties. And after careful review of the  
8 oral and written comments the guidebooks were  
9 revised to develop the Committee draft that's  
10 before you today.

11 The changes to the guidebook include  
12 removal of the certification category for  
13 incremental geothermal; and removal of references  
14 to municipal solid waste, geothermal and small  
15 hydro electric being restricted to baseline.

16 There's also removal of provisions that  
17 we had previously to register a facility as  
18 renewable only. There's also changes to the  
19 eligibility for out-of-state facilities such that  
20 they would only be eligible if they come online or  
21 repowered after January 1, 2005, with exceptions  
22 for incremental generation from project expansion  
23 or repowering, or if they're part of a retail --  
24 baseline.

25 We added provisions to incorporate

1 electric service providers and community choice  
2 aggregators and multiple jurisdictional utilities.  
3 We modified the edibility requirements for  
4 delivery into California to allow delivery from  
5 any control area in the Western Electric  
6 Coordinating Council.

7 We modified the eligibility criteria for  
8 biomass, distributed generation, hybrid facilities  
9 and a mix of fuels including fossil fuel, small  
10 hydro electric, hydroelectric conduit and  
11 municipal solid waste conversion facilities.

12 We revised the online, the date for  
13 eligibility for supplemental energy payments is  
14 online or repowered after January 1, 2005, with  
15 exceptions for small hydro.

16 We described new requirements for  
17 publicly owned utilities. And we added new  
18 provisions for biogas injected into the  
19 transmission natural gas transportation pipeline  
20 to be eligible for the RPS.

21 And in the process of having developed  
22 these guidebooks we have found some clarifying  
23 changes or edits that needed to be made. And so  
24 we have developed an errata which is available to  
25 you. I don't know that I need to go through all

1 the details of that errata.

2 MR. HERRERA: This is Gabe Herrera with  
3 the Commission's legal office. With your  
4 permission we'd like to go through each of the  
5 errata and get them on the record since they were  
6 not disclosed with part of the public filing that  
7 was circulated on March 2nd. So, I think it is  
8 important to go through each one of them, although  
9 somewhat time consuming.

10 COMMISSIONER BYRON: Thanks for the try  
11 there, Ms. Raitt.

12 MS. RAITT: Okay.

13 (Laughter.)

14 MS. RAITT: So, in the biogas section we  
15 referred to transmission pipeline that's changed  
16 to transportation pipeline. And we made that  
17 conforming throughout the guidebook.

18 On page 10 there's a very minor edit to  
19 the discussion of the eligibility of renewable  
20 portfolio standard to recognize that there are  
21 requirements for -- well, it's just a very minor  
22 typo to add "and other" to this sentence. I don't  
23 know how to describe it more than that.

24 For biomass on page 13, table 1, the  
25 description is revised. It says solid waste

1 materials rather than such as, we say, including  
2 waste pallets, crates, dunnage, so forth.

3 On page 13, again, table 1, municipal  
4 solid waste conversion. We clarify that a two-  
5 step process to create energy whereby the first  
6 step, gasification conversion, is a noncombustion  
7 thermal process that consumes no excess oxygen is  
8 used to convert solid waste into a clean burning  
9 fuel. And then in the second step, this clean  
10 burning fuel is used to generate electricity, is  
11 eligible for the RPS and is located in the state  
12 where it satisfies RPS requirements and meets all  
13 the following criteria and so forth.

14 Page 18, there is an edit to the date  
15 for small hydro to say, rather than on or after  
16 January 2006, it says before January 1, 2006.  
17 Similarly on page 20, rather than saying on or  
18 after January 1, 2007, we say before January 1,  
19 2007.

20 On page 23 regarding new and repowered  
21 small hydro and conduit hydroelectric, there's an  
22 edit to say, rather than a new or revised permit,  
23 we strike out "or revised". And then further down  
24 it says we add, it says, an increase in the volume  
25 or rate of water diverted, that the increase would

1       require a new permit. And we add or approval of a  
2       time extension petition from the State Water  
3       Resources Control Board.

4               On further on the small hydroelectric,  
5       we strike one of the examples of possibly eligible  
6       hydro project and clarify that no increase -- that  
7       there must not be any increase or diversion under  
8       the permit or license to be eligible for RPS.

9               On page 28 we strike out the word  
10       annually because it's redundant. Page 29, I had  
11       already mentioned this as a gas transportation.  
12       Further on page 30 on the biogas section, rather  
13       than saying that the gas has to be injected at a  
14       point within the WECC region, we say the natural  
15       gas pipeline system that is either within the WECC  
16       region or is interconnected to a natural gas  
17       pipeline system in the WECC region.

18              Page 31, we clarify solar/thermal/  
19       electric, we insert the word electric. Page 34,  
20       on the eligibility of out-of-state facilities. We  
21       clarify that there is an exception for small hydro  
22       for the date, the online date for delivery  
23       requirements.

24              Page 36, number 3, we clarify that it  
25       could be any balancing authority located within

1 WECC. On number 4 we clarify that it could be  
2 delivered from one facility, or multiple  
3 facilities. And we also clarify that this can  
4 also be satisfied by a publicly owned utility if  
5 it so chooses to follow the standard.

6 And then on page 39 we also clarify that  
7 the Energy Commission also, quote, "certifies  
8 facilities as RPS eligible if they serve a local,  
9 publicly owned electric utility." And clarify  
10 that also, the Energy Commission will pre-certify  
11 small hydroelectric facilities that intend to sell  
12 to local publicly owned electric utility, or that  
13 would be otherwise eligible for certification  
14 except that the facility was owned by or under  
15 contract to publicly owned utility.

16 On page 39 and 40 we clarify that  
17 certification can be done not only by the facility  
18 operator, but also its agent on the facility's  
19 behalf. And we clarify a publicly owned utility  
20 for purposes of its RPS program may certify a  
21 facility on the operator's behalf using the CEC  
22 RPS 2 form for facilities under contract with the  
23 publicly owned utility, and subject to  
24 requirements applicable to retail sellers. And  
25 similar conforming changes are made on page 42.

1                   And then on the certification forms the  
2                   forms to apply for certification or  
3                   precertification for RPS eligibility, have been  
4                   revised to conform to the body of the text. And  
5                   there are a number of changes there that I will  
6                   spare you.

7                   And I think I have read through them  
8                   all.

9                   CHAIRPERSON PFANNENSTIEL: A valiant  
10                  job. Commissioner Geesman.

11                 COMMISSIONER GEESMAN: Two questions on  
12                  the errata. Heather, first one appears on page 2  
13                  of your errata. The footnote 5 to table 1.

14                 MS. RAITT: Yes.

15                 COMMISSIONER GEESMAN: If I go down  
16                  three lines from the bottom of the paragraph that  
17                  says, second step, this clean burning fuel is used  
18                  to generate electricity. Is there supposed to be  
19                  a comma after the word electricity?

20                 MR. HERRERA: We're not sure. We'll  
21                  take a look at that, Commissioner Geesman.

22                 COMMISSIONER GEESMAN: Okay.

23                 MR. HERRERA: Just to give Heather a  
24                  break and jump in real quick.

25                 COMMISSIONER GEESMAN: Okay. Then the

1 second one is easier, page 6, the top paragraph at  
2 the top of the page which has to do with a change  
3 to page 39 of the guidebook. Second line from the  
4 bottom, I believe you're got a redundant "that".

5 MR. HERRERA: With your permission we'll  
6 go ahead and fix that when we incorporate these  
7 changes.

8 COMMISSIONER GEESMAN: Thank you.

9 MR. HERRERA: And also oftentimes when  
10 we make changes and track changes mode underline/  
11 strikeout, when we accept those we often find that  
12 there are small typos, a couple spaces, perhaps  
13 unclosed parentheticals, et cetera. And so we  
14 would clean those up once we finalize the  
15 guidebook revisions.

16 COMMISSIONER GEESMAN: Excellent.

17 MR. CHAMBERLAIN: Commissioner Geesman,  
18 if I might suggest, with respect to your first  
19 comment, that whole sentence would be a lot  
20 clearer if you simply put the whereby clause,  
21 which is about three or four lines, all the way  
22 from there, from whereby down to the point where  
23 you were identifying a possible comma, put the  
24 whole thing in parentheses. And then it'll be  
25 clear that what you're saying is a noncombustion,



1 I'm sorry -- create a two-step energy process -- a  
2 two-step process to create energy is eligible for  
3 the RPS. And the description of what that two-  
4 step process is would all be within that paren.

5 COMMISSIONER GEESMAN: I just want to  
6 make certain that it's within the ambit of the  
7 errata that we ultimately adopt here. So that we  
8 don't have to come back later to a Commission  
9 business meeting to make what are, in essence,  
10 grammatical changes.

11 MR. HERRERA: Thank you.

12 CHAIRPERSON PFANNENSTIEL: Are there  
13 questions of staff at this point, or should be  
14 listen to the comments from the public. And then  
15 do questions?

16 COMMISSIONER GEESMAN: I have one  
17 question.

18 CHAIRPERSON PFANNENSTIEL: Yes.

19 COMMISSIONER GEESMAN: And it's my  
20 impression from reading the comments submitted by  
21 the various stakeholders, that in particular the  
22 PG&E comments relating to small hydro run up  
23 against some conflicting interpretation from the  
24 State Water Resources Control Board.

25 And I just want to -- do I have that

1 correct?

2 MR. HERRERA: That's correct. The  
3 changes to the small hydro section and in the law,  
4 as a result of SB-1250, change the defining date  
5 for which small hydro and conduit and  
6 hydroelectric facilities become eligible for the  
7 RPS. If it's before a certain date, which is  
8 12/31/05 for small hydro, the eligibility criteria  
9 is one set. If it's after that date there's a  
10 different set.

11 The same is true with conduit and  
12 hydroelectric facility. The defining date there  
13 1/1/07. Again, different criteria if the facility  
14 comes online before that date versus if the  
15 facility comes online after that date.

16 And staff did discuss PG&E's comments  
17 with the State Water Resources Control Board to  
18 get their feedback on whether PG&E's comments were  
19 appropriate or reasonable under the amendments to  
20 the law. And according to the legal office there,  
21 and the folks we talked to, they felt that the  
22 guidebook provisions -- excuse me, revisions, as  
23 drafted were adequate. And did address the  
24 changes in the law. And recommended that we not  
25 accept PG&E's suggested changes.

1 COMMISSIONER GEESMAN: Thank you.

2 CHAIRPERSON PFANNENSTIEL: With that,  
3 why don't I ask Les Guliassi from PG&E for  
4 comments.

5 MR. GULIASI: Thank you. Good morning,  
6 Commissioners and everyone else. Les Guliassi with  
7 PG&E.

8 I want to first of all just thank you  
9 and thank the staff for the incredible work that  
10 everyone did to change these guidebooks. It was  
11 an enormous effort and I think they did beyond a  
12 yeoman's job to do the best they could.

13 As you know, PG&E is very active in the  
14 renewables market. Renewable energy procurement  
15 is one of our highest priorities as we go forward  
16 to meet and exceed the 20 percent statutory  
17 requirement. So, again, this is of utmost  
18 importance to us.

19 We have been very active in this  
20 discussion since you opened the proceeding last  
21 fall. We've worked tirelessly with the staff and  
22 with other parties to try to make improvements to  
23 the guidebook.

24 We're very active in the northwest;  
25 we're very active in other markets. And the

1        comments that we've given you throughout this  
2        proceeding reflect the concerns expressed to us by  
3        market participants.

4                What we're trying to achieve here is  
5        some regulatory certainty so that we can have a  
6        well-functioning market and opportunity to get  
7        access to the largest pool of renewable resources  
8        available to us, both from the Pacific Northwest  
9        and throughout the region. So it's important that  
10       these guidelines continue to be revised and  
11       updated to reflect market conditions.

12               We submitted a letter to you late  
13       yesterday; I apologize for how late we submitted  
14       that letter to you. But we wanted to put before  
15       you some additional changes that we think need to  
16       be considered. If not today, then certainly in  
17       the near future. To add further regulatory  
18       certainty and reflect some additional changes that  
19       we think are necessary for a smooth functioning  
20       market.

21               There are four issues that we addressed.  
22       One is biogas; the second is small hydro; the  
23       third is banked and shaped deliveries; and we also  
24       discuss a little bit the requirement for resources  
25       outside the United States.

1           I'm only go through each of these, some  
2       of them are very brief. I believe Heather  
3       addressed some of these in the errata that you  
4       have before you and the changes that the staff is  
5       recommending to incorporate some, but not all, of  
6       the changes that we've recommended.

7           Why don't I just start first with the  
8       issue that you, Commissioner Geesman, raised a  
9       moment ago about small hydro. We find that the  
10      whole section on small hydro is confusing. We  
11      think there's a lot of redundant language. And  
12      I'm not sure if we entirely agree with the opinion  
13      rendered by counsel here, Mr. Herrera, about  
14      running up against the limits of the statute.

15           Be that as it may, we would like the  
16      opportunity to continue to address this issue in  
17      whatever way you think is most appropriate.

18           COMMISSIONER GEESMAN: Well, I guess  
19      without jumping too far into the substance of it,  
20      the one thing that did catch my attention and set  
21      off a bit of an alarm bell is if, in fact, the  
22      legal staff at the State Water Resources Control  
23      Board has concerns with your suggested language.

24           And I would recommend that we try to  
25      work out whatever those concerns may be so that we

1       can satisfy the State Board's requirements.  If  
2       that takes some tweaking in the statute, itself, I  
3       think we ought to be open to doing that.

4               But I don't want to dismiss the issue  
5       today.  I think it merits ongoing pursuit.  We  
6       need, in my judgment, to derive more of a  
7       contribution from the small hydro sector than  
8       we've been able to thus far.  If I look on the  
9       map, your footprint in what I think that market  
10      is, is larger than anybody else's.  So, obviously  
11      we should be dealing with your company in terms of  
12      how best to harvest that potential.

13              But I do think we need to get the State  
14      Board in accord with where we want to go on this.  
15      And unfortunately, we're not able to do that this  
16      morning.

17              MR. GULIASI:  I understand that.  I  
18      agree with you.  We do need to engage the State  
19      Board.  And if we believe that there is a problem  
20      with the existing statute then we would just like  
21      to enlist your support in addressing this issue at  
22      the appropriate time.  And I think we're going to  
23      probably put something forward, some proposal  
24      forward during this legislative session.

25              But, you're right, there is an

1       opportunity there. And the proposal that we made,  
2       without plunging, you know, too deeply into this,  
3       we think would address some of the concern and tap  
4       into that existing resource.

5               Just as an anecdote, in December, I  
6       believe it was, I spent a little time, a full day,  
7       touring some of our hydro facilities. And one of  
8       the facilities is up near Auburn. And I saw a  
9       perfect example of an opportunity that we have  
10      before us that would enable us to tap into a  
11      renewable resource without diverting or  
12      appropriating water in a way that we believe would  
13      be disruptive to the environment. This is a, I  
14      think it's called a conduit, or whatever the  
15      structure is called.

16             And I know I'm a little bit out of my  
17      league because there are very specific legal  
18      definitions to some of these terms, but from a lay  
19      perspective, this was, you know, water flowing  
20      down by gravity to a reservoir where one could  
21      simply put in a small generating unit, making use  
22      of the existing water flow, without disrupting the  
23      environment. It's not diverting water; it's not  
24      appropriating the water; it's simply using the  
25      existing flow.

1                   We could get, you know, a couple  
2                   kilowatts or something of new renewable  
3                   generation. And there are lots of opportunities  
4                   like that.

5                   So, that's my anecdotal experience. And  
6                   again, if we can work with you further in wherever  
7                   this may take us, if it's to the Legislature, then  
8                   fine, let's go there and see what we can do to tap  
9                   into that resource.

10                  The second issue, I believe Heather has  
11                  addressed completely to our satisfaction with  
12                  respect to the biogas resources. It was a good  
13                  improvement to remove the word "transmission" and  
14                  substitute the word "transportation" which  
15                  modifies the pipeline system.

16                  What that means simply is that we're  
17                  able to take gas in a smaller pipe at the  
18                  distribution level instead of more restrictive  
19                  interpretation at a larger pipe at the  
20                  transmission level. So this will allow for the  
21                  injection at other places along the pipeline  
22                  system.

23                  The other change that I believe Heather  
24                  is proposing, also to our satisfaction, deals with  
25                  the injection point into the natural gas pipeline



1 system, as long as it's connected somehow into the  
2 western region.

3 So, thank you, staff, for accommodating  
4 those changes. That's important to us. As you  
5 know, we've signed several contracts with dairies  
6 for biogas and there's a great potential. And we  
7 expect to sign some more contracts. So, this,  
8 again, will help us increase the amount of  
9 renewable energy that we can procure for our  
10 customers.

11 The next area is somewhat complicated.  
12 And I don't really know how much to delve into  
13 this. Again, I think the staff did about the best  
14 it could with the small amount of time we had to  
15 incorporate some of the late wording changes that  
16 we're proposing to the Commission.

17 And, again, the reason that we're  
18 proposing these changes is because we're hearing  
19 from market participants that they need some  
20 greater regulatory certainty. And we are simply  
21 attempting to make changes that will clarify. Not  
22 necessarily changes to substance, but simply  
23 clarify the meaning that you have in the  
24 guidebooks so that we can have an orderly market;  
25 we can have more, you know, smoother and quicker

1 contract negotiations to get important renewable  
2 energy into California for the benefit of our  
3 customers.

4 So I guess my request here is that we  
5 find some way to continue to work with you to  
6 incorporate further changes. I'm not sure what  
7 that process would be. I don't know when the next  
8 opportunity would be to make further changes to  
9 the guidebook. But if you can direct us somehow  
10 to continue to work on this issue, we would be  
11 happy to do so. And we're ready to engage now.

12 COMMISSIONER GEESMAN: Well, I guess my  
13 reaction would be if you can isolate areas where  
14 you believe there's a substantive difference  
15 between what you would like to see in the  
16 guidelines and what the staff has recommended,  
17 that would be helpful for Commissioners to be able  
18 to try and resolve or reconcile.

19 If it's a question really of legal  
20 draftsmanship, that gets awfully close to being a  
21 beauty contest of your lawyers versus Mr. Herrera.  
22 And we've kind of chosen, in the past, that Mr.  
23 Herrera is the gatekeeper of the draftsmanship  
24 questions in our guidebooks.

25 And I think you need to, if we're

1        talking simply about wordsmithing, you need to  
2        satisfy him because he's the one that advises us  
3        what the guidelines actually mean.

4                And I think in order to have a set of  
5        guidelines that can provide some meaningful  
6        direction to you and other stakeholders, you  
7        really need to rely on the words that he chooses  
8        to use in order to have a workable system from the  
9        Commission's perspective.

10               So, I'd divide things into those two  
11        categories, Les. And if there are substantive  
12        points of difference, I'd really encourage you to  
13        bring those to our attention. The guidebook is  
14        designed to be a living document, so we do  
15        periodically change it. And we can change it  
16        either at the initiative of a particular  
17        stakeholder, or, you know, on a period basis we  
18        generically address the entire thing.

19               MR. GULIASI: Okay, I think I  
20        understand. So what we'll do is, if I understood  
21        your correctly, we'll work with the winner of the  
22        beauty contest, or the gatekeeper, Mr. Herrera,  
23        and the staff to identify those things which we  
24        can agree are merely clarification --

25               COMMISSIONER GEESMAN: Yeah.

1 MR. GULIASI: -- minor wording changes.

2 And isolate the other things which they may  
3 consider to be more substantive changes.

4 And then once we have clarification  
5 about which items fall into which bucket, we'll  
6 come before you --

7 COMMISSIONER GEESMAN: Yeah.

8 MR. GULIASI: -- perhaps we'll, on our  
9 motion ask for you to open the thing up again and  
10 consider some changes that we'd like to see.

11 COMMISSIONER GEESMAN: I think that  
12 would be entirely appropriate.

13 MR. GULIASI: Thank you, that's --

14 CHAIRPERSON PFANNENSTIEL: And you know  
15 and understand that we share your objective of  
16 increasing the amount of renewable power. And if  
17 you have ways of doing that that require  
18 modifications to the guidebook, we'll consider  
19 what you're suggesting. So bring them to our  
20 attention.

21 MR. GULIASI: Thank you, I appreciate  
22 that. So we'll do that. And, again, I really do  
23 appreciate the effort that's been put into this  
24 and your willingness to consider further changes.  
25 We all have the same goal here.

1           The final point has to do with the  
2           requirements for resources located out of the  
3           state. The letter that we submitted to you  
4           yesterday contains a very brief paragraph on that  
5           issue.

6           But I guess just to sum it up, you know,  
7           in a couple of sentences, we just want to make  
8           sure that we keep an open mind to what's intended  
9           here. We're early in this game. We're not quite  
10          sure exactly how the guidelines are going to be  
11          implemented. We understand the intent. But we  
12          just want to make sure that as we move forward  
13          we're not placing too many restrictions on out-of-  
14          state or out-of-country resources.

15          Again, the goal here is to expand or  
16          increase the amount of supply, and allow the  
17          utilities, PG&E in this case, to procure renewable  
18          resources for the benefit of our customers.

19          So, there's nothing specific we ask of  
20          you beyond keeping an open mind to how this  
21          process might work, and think about applying this  
22          notion flexibly so as not to be too restrictive.

23          COMMISSIONER GEESMAN: Well, I think  
24          that as your letter indicates, that you're aware  
25          that the statutory language in this regard, I

1 think, as you understand, this Commission most  
2 recently made clear in the SB-1368 rulemaking  
3 process, and our 2005 IEPR process that predated  
4 that, we have no intention at all of an extra-  
5 territorial enforcement of California  
6 environmental standards.

7 It's our belief that that would be  
8 unconstitutional. And that will, I believe,  
9 continue to be our policy. So I think you've got  
10 a pretty clear understanding of what the  
11 Commission's legal perspective is.

12 The same time, as your letter makes  
13 clear, you're also aware of statutory language  
14 which may lead other people to different  
15 conclusions.

16 MR. GULIASI: Okay. Anyway, thank you  
17 very much. I really appreciate the work that  
18 everyone's put into this. And we'll continue to  
19 work with you as this unfolds.

20 CHAIRPERSON PFANNENSTIEL: Thank you,  
21 Les. Manuel Alvarez from Edison.

22 MR. ALVAREZ: Good morning,  
23 Commissioners. I just have a couple of items.  
24 First of all, just let me thank the staff and the  
25 Committee for considering our comments and

1 incorporating many of them into this proposal  
2 here.

3 I believe one of the items was resolved,  
4 and that was the hydroelectric issue. As I  
5 understand the errata, the dates were changed to  
6 reflect the concerns that we had and what we were  
7 really expressing was a sense that certain  
8 projects that were eligible currently would become  
9 ineligible. So we wanted to make sure that that  
10 was clarified.

11 The second item I want to bring to your  
12 attention is the out-of-state issue. In our  
13 letter to you we suggested that the staff be  
14 directed to form a working group to figure out how  
15 we're going to actually certify and commit to  
16 these projects and verify these projects.

17 So that's the request we're having of  
18 you today, that that be done. There's a long way,  
19 as the old saying goes, from the cup to the lip.  
20 And we understand the direction the Commission's  
21 given us here. But to actually meet the  
22 compliance requirements and feel that everyone's  
23 comfortable that they're meeting those  
24 requirements, we think the actual practitioners  
25 who will be certifying activities to you meet and

1 understand the requirements here.

2 Thank you.

3 CHAIRPERSON PFANNENSTIEL: Thank you.

4 Brenda LeMay from Horizon Wind Energy.

5 MS. LeMAY: Good morning, Commissioners.

6 CHAIRPERSON PFANNENSTIEL: Good morning.

7 MS. LeMAY: My name is Brenda LeMay; I'm  
8 with Horizon Wind Energy, responsible for wind  
9 energy development for Horizon in the State of  
10 California.

11 I just wanted to commend the staff and  
12 the CEC and Heather for all her work that she put  
13 into the diverse stakeholder comments on the  
14 previous draft. And we do appreciate the  
15 flexibility that's been provided in section 2(d)  
16 and (e) for out-of-state delivery, even though it  
17 isn't my area. I do believe it will work to your  
18 objective of increasing the amount of renewable  
19 power.

20 I do have one minor comment that wasn't  
21 addressed in the errata, and it doesn't, to your  
22 point, Commissioner Geesman, it doesn't fall under  
23 substantive nor draftsmanship. It's more just a  
24 consistency with the previous section. If I may  
25 just mention it.



1                   Actually there's two. One is to add the  
2                   word facility representative on page 36, item 5,  
3                   after seller or retail seller. And all that that  
4                   is is a consistency with item number 1. I'm just  
5                   using your words as to all the parties that --

6                   CHAIRPERSON PFANNENSTIEL: I'm sorry,  
7                   Ms. LeMay, I'm looking for it. Page 36, item --

8                   MS. LeMAY: Item 5.

9                   CHAIRPERSON PFANNENSTIEL: -- item new  
10                  5?

11                  MS. LeMAY: New 5, old 5. Doesn't  
12                  matter.

13                  CHAIRPERSON PFANNENSTIEL: Well, they've  
14                  changed.

15                  MS. LeMAY: Just add the word facility  
16                  representative to the parties that can receive an  
17                  ERC tag. If you look in your item 1 --

18                  CHAIRPERSON PFANNENSTIEL: Okay, yeah, I  
19                  see it. I got it.

20                  MS. LeMAY: If you look at item 1 above,  
21                  I'm just using the same words that you're using  
22                  above.

23                  CHAIRPERSON PFANNENSTIEL: Okay.

24                  COMMISSIONER GEESMAN: Does staff have a  
25                  reaction?

1                   MR. HERRERA: That appears to be  
2                   reasonable, Commissioner. And it is consistent  
3                   with the changes we made to item number 1.

4                   CHAIRPERSON PFANNENSTIEL: Above, right.

5                   MS. LeMAY: And then the other is just  
6                   for my own purposes, but on section 2(d) item (c)  
7                   where it lists the -- also page -- hold on --

8                   CHAIRPERSON PFANNENSTIEL: What page?

9                   MS. LeMAY: -- one second. Sorry. Page  
10                  34, not of the errata, but of the --

11                  CHAIRPERSON PFANNENSTIEL: Um-hum.

12                  MS. LeMAY: --guidelines. Item (c) and  
13                  item (g) to me are linked. And I just wanted to  
14                  draw that link. And so either in item (c) put a  
15                  parenthetical that says, see delivery requirements  
16                  set forth below. Or just combine the two. I'm  
17                  indifferent. I just want to make sure that item  
18                  (c) addresses, you know, links to the next  
19                  section.

20                  CHAIRPERSON PFANNENSTIEL: Heather and  
21                  Gabe, do you have that?

22                  MS. RAITT: That's reasonable. That  
23                  doesn't change the meaning or it's a  
24                  nonsubstantive change. We can do that.

25                  MS. LeMAY: It would help; and I

1 apologize for the late comments, but --

2 CHAIRPERSON PFANNENSTIEL: Thank you for  
3 your comments.

4 MS. LeMAY: -- I was able to spend some  
5 time on it later. I just want to thank you for  
6 the opportunity to comment.

7 CHAIRPERSON PFANNENSTIEL: Thank you.

8 MS. LeMAY: You're welcome.

9 CHAIRPERSON PFANNENSTIEL: We have on  
10 the phone Anders Glader from PPM Energy.

11 MR. GLADER: This is Anders Glader, can  
12 you hear me?

13 CHAIRPERSON PFANNENSTIEL: Yes.

14 MR. GLADER: Okay. Good morning; my  
15 name's Anders Glader. I am the Director of  
16 Renewable Generation with PPM Energy. I also very  
17 much appreciate the effort that has been made here  
18 by the Commission and its staff and would like  
19 to -- commend you all for your very great effort  
20 on revising these eligibility guidelines.

21 PPM very strongly support the revisions  
22 that you've made. Also -- what was primarily on  
23 section 2(e) the delivery requirement section. We  
24 applaud the effort and the direction that the  
25 Commission has taken here in tackling the issue.

1 And we believe that the flexibility that you're  
2 proposing will lead to hopefully a more robust RPS  
3 eligible energy market which will facilitate the  
4 California retail sellers efforts to procure this  
5 energy and meet their targets. And also help in  
6 keeping costs down in that effort.

7 I think that we did submit some very  
8 brief written comments, and I apologize for the  
9 lateness with which we did that. That's kind of  
10 the nature of the business right now. There's a  
11 lot of things going on.

12 In those comments we really had two  
13 relatively minor clarification edits; and then a  
14 couple different comments. I'll leave the  
15 comments in my written comments, but I would like  
16 to address the two edits because I think one of  
17 them is very consistent with what Brenda has just  
18 identified. The other one is another that I think  
19 is probably a good clarification.

20 And for the first one that Brenda was  
21 just identifying, also in that section 5, we had  
22 suggested to add retail seller for procurement and  
23 -- as the entities that could -- that must request  
24 (inaudible) acceptance of an ERC tag. And, again,  
25 to be consistent with what's on page 35.

1                   MS. RAITT: This is Heather Raitt. That  
2 actually is in the errata; so we actually have  
3 incorporated that requested change in the errata.

4                   MR. GLADER: Okay, I didn't hear that.  
5 The second one, and I hope I didn't miss this one,  
6 as well, is in item 1 on page 35, there are two  
7 references. One is actually to the facility's  
8 generation, and then there's a second reference  
9 that references generation. We would suggest  
10 replacing both of those references with the word  
11 energy. Again, to be consistent with the language  
12 on page 35 that identifies that it is an energy  
13 from WECC that has to be delivered into Cal-ISO  
14 and not the actual generation from the facility.

15                  CHAIRPERSON PFANNENSTIEL: We're  
16 considering that. Heather, do you have a comment  
17 now, or if it is nonsubstantive then we can think  
18 about it --

19                  MS. RAITT: Yeah, I don't believe it  
20 changes the meaning of what the intent was.

21                  CHAIRPERSON PFANNENSTIEL: All right,  
22 we'll take a look at that.

23                  MR. GLADER: Right, I agree that I don't  
24 believe it changes the meaning, but it just  
25 creates an issue because almost implies that you

1 have to take the generation into the California.

2 CHAIRPERSON PFANNENSTIEL: All right,  
3 thank you. Further comments?

4 MR. GLADER: No, just that's the extent  
5 of my comments. I'll leave the other two comments  
6 in my written comments. And just would like to  
7 conclude by saying that we're extremely supportive  
8 of the direction taken by the Commission with  
9 revising the guidebook. And we strongly encourage  
10 you to move quickly to adopt the revisions.

11 CHAIRPERSON PFANNENSTIEL: Thank you.

12 MR. GLADER: Thank you. Congratulations  
13 on your great work.

14 CHAIRPERSON PFANNENSTIEL: Thank you.  
15 Mike Deangelis of SMUD.

16 MR. DEANGELIS: Thank you,  
17 Commissioners, for the opportunity to comment. My  
18 name is Mike Deangelis and I manage the advanced  
19 renewables and distributed technologies program at  
20 Sacramento Municipal Utility District.

21 And as the prior speakers have  
22 mentioned, I want to thank the Commission for the  
23 opportunity to provide comments and for your  
24 openness regarding considering the comments on the  
25 eligibility guidebook. And also want to thank the

1       hard work of staff. I think it's very difficult  
2       with the statute, which is an extremely complex  
3       statute, to try to interpret that in a more  
4       meaningful way through the eligibility guidebook.

5               We filed fairly extensive comments on  
6       the draft, the December draft. And I think we had  
7       a couple of major areas that we were most  
8       concerned about.

9               I think we have a situation that we're  
10      all aware of where publicly owned utilities, by  
11      statute, are not required to abide by the  
12      eligibility requirements. But on the other hand  
13      there are some publicly owned utilities, such as  
14      SMUD, that is trying to abide by the eligibility  
15      requirements.

16              And we have some conflicts in the  
17      statute. And I guess the best example of that is  
18      in the small hydro provisions where really a small  
19      hydro facility that is serving a publicly owned  
20      utility, and meets all the requirements of the  
21      statute except for one, that if that same small  
22      hydro facility were providing power to an  
23      investor-owned utility would get full  
24      certification from the Commission as eligible.

25              But because it supplied power for a

1 publicly owned utility, it does not. And it's the  
2 same small hydro facility. So I think that is one  
3 issue that needs a fix in the statute. And I  
4 think we agree to work to move forward to fix that  
5 in the statute.

6 But in the meantime there are still some  
7 items that I think need to be clarified in the  
8 guidebook. They're very small, and I want to call  
9 to your attention on the errata sheet, page 5. If  
10 you go to the middle of the page on delivery  
11 requirements, this is for out-of-state delivery  
12 requirements, first of all I think there's a typo  
13 there. Those are misnumbered; 3 should be 2, 4  
14 should be 3, and then it's fine after that.

15 But if you go to what is now number 4  
16 that should be 3, the RPS certification number, we  
17 would like to see added "or precertification  
18 number." So it would read: RPS certification or  
19 precertification number of the facility.

20 And, again the reason for that is that  
21 the small hydro facilities for publicly owned  
22 utilities cannot get full certification. So we'd  
23 like to see the precertification is added there.

24 CHAIRPERSON PFANNENSTIEL: Comments,  
25 staff?



1 MS. RAITT: Well, Gabe probably can  
2 address this as well, but the reason I did not put  
3 that in there is because for the retail sellers it  
4 is required to be certified. But we did include  
5 the parenthetical to address the local publicly  
6 owned utilities, to recognize their participation  
7 in the program, as well.

8 MR. DEANGELIS: Well, I did see the  
9 parenthetical, but if the publicly owned utilities  
10 still only get a precertification number, then I  
11 would read that as still not meeting the delivery  
12 requirements. So that's why I would like to add  
13 the precertification.

14 MR. HAIR: Well, of course, Mike, POUs  
15 aren't under a delivery obligation. You have  
16 authority to set your own rules. These guidelines  
17 predominately address the RPS requirements for  
18 electrical corporations for retail sellers which,  
19 by law, excludes SMUD and other publicly owned  
20 electric utilities.

21 I think the parenthetical does address  
22 your situation. And as Heather mentioned, if we  
23 include precertification there, then we're going  
24 to have situations where an entity selling  
25 possibly, or hoping to sell to a retail seller

1       might want to identify its precertification number  
2       rather than the certification number, which could  
3       lead to some confusion.

4               And this could be one of those issues, I  
5       think, maybe we should address in the future when  
6       we have a little bit more time.

7               MR. DEANGELIS: Well, perhaps you could  
8       put the precertification in the parenthetical then  
9       for publicly owned utilities. Would that help?

10              Because I mean it's clear that publicly  
11      owned utilities cannot get certification.

12              MR. HERRERA: Yeah, I think that might  
13      work.

14              CHAIRPERSON PFANNENSTIEL: Thank you.

15              MR. DEANGELIS: That would be  
16      satisfactory for us, if you're able to do that.

17              And then the only other change that we  
18      would recommend is on page 41 of the actual  
19      eligibility guidebook. I didn't see this in the  
20      errata, so I can't reference it in the errata.

21              If you go to page 41, the final  
22      paragraph, and this may run into the same problem,  
23      but let's think about this. The Energy Commission  
24      encourages local publicly owned utilities to meet  
25      their RPS obligation through procurement from RPS-

1 certified facilities.

2 Once again, we appreciate this  
3 encouragement, but in some cases you can't  
4 certify. So we would add the phrase or  
5 precertification in there. Because the statute,  
6 it does not allow you to fully certify.

7 MS. RAITT: We can add that in; that  
8 doesn't change the meaning. It's a nonsubstantive  
9 change I should say. That can be added.

10 CHAIRPERSON PFANNENSTIEL: Thank you,  
11 Heather.

12 MR. DEANGELIS: Okay, I think that's  
13 primarily it; and again, I want to thank both the  
14 staff and the Commissioners for considering our  
15 comments.

16 CHAIRPERSON PFANNENSTIEL: I want to  
17 thank you, Mike, for coming in and helping us with  
18 this support.

19 COMMISSIONER GEESMAN: And I do believe  
20 that we need to follow up legislatively to clarify  
21 some of the statutory areas.

22 MR. DEANGELIS: Thank you.

23 CHAIRPERSON PFANNENSTIEL: We also have  
24 on the phone, Peter Blood from TransAlta Energy  
25 Marketing.

1                   MR. BLOOD:    Yes, Peter Blood with  
2                   TransAlta Energy Marketing here.  Appreciate the  
3                   time and effort that the staff and the  
4                   Commissioners have put into the guidebook and the  
5                   effect it will have on a robust marketplace for  
6                   renewables, and the energy marketplace at large.

7                   We have not submitted any written  
8                   comments today, but I'd like to comment on two  
9                   sections here, very similar to Horizon and PPM  
10                  Energy's comments.

11                  Section 2 (d), item (c) essentially the  
12                  Horizon comments we would echo those comments.  
13                  And I believe PPM Energy responded to the same  
14                  section; I'm not a hundred percent certain of  
15                  that.  But, the comment of adding energy into or  
16                  changing the word generation to energy.  Am I  
17                  understanding that correct?

18                  COMMISSIONER GEESMAN:  I believe that  
19                  was a slightly different section.

20                  CHAIRPERSON PFANNENSTIEL:  Yeah, that  
21                  was --

22                  MR. BLOOD:  Okay, okay, maybe --

23                  CHAIRPERSON PFANNENSTIEL:  We're not  
24                  finding it in that --

25                  MR. BLOOD:  -- my misunderstanding.

1 But, I do believe the comment that Anders Glader  
2 made was a good comment, to put the word in energy  
3 terms rather than specific generation off of  
4 specific projects, --

5 COMMISSIONER GEESMAN: Yeah, that was  
6 section (e) 1.

7 CHAIRPERSON PFANNENSTIEL: Right, we  
8 have that --

9 MR. BLOOD: (e) 1, okay. Well, I would  
10 echo that comment, as well. As well as the  
11 comment that Horizon made on section 2(d) item  
12 (c); and also the comment on section 2(e), item 5.  
13 Echo that comment, as well.

14 And that would be it. And I appreciate  
15 the efforts and looks like a very good setup and  
16 good guidebook for us to proceed on. I would  
17 encourage a speedy adoption, as well. Thank you  
18 very much.

19 CHAIRPERSON PFANNENSTIEL: Thank you.  
20 Further questions from the public or stakeholders  
21 or Commissioners on this item?

22 MR. HERRERA: Chairman, I need to make  
23 some comments for the record --

24 CHAIRPERSON PFANNENSTIEL: Yes.

25 MR. HERRERA: -- concerning the

1 California Environmental Quality Act, if that's  
2 okay. Anytime the Commission revises these  
3 guidebooks the legal office takes a look at the  
4 guidebook revisions to determine to what extent  
5 they're impacted by the California Environmental  
6 Quality Act or CEQA, and determine whether, in  
7 fact, there's an exemption that covers these  
8 projects. And if not, whether an environmental  
9 assessment is required, which then requires an  
10 initial study and a negative declaration or  
11 environmental impact report prior to the  
12 Commission's adoption of the guidebook revisions.

13 In this case, these guidebook revisions  
14 are not a project under CEQA. There's a specific  
15 exemption that excludes this type of activity.  
16 It's in California Code of Regulations, Title 14,  
17 section 15378, subdivision (b)(2) and (4). And it  
18 addresses these activities because these  
19 activities deal with the continuation of  
20 administrative and maintenance activities related  
21 to general policy and procedure making; and also  
22 the creation of government funding mechanisms and  
23 other physical activities which do not involve any  
24 specific project which would result in a  
25 potentially significant physical impact on the

1 environment.

2 So, as a result of that this activity,  
3 the adoption, is exempt from CEQA.

4 CHAIRPERSON PFANNENSTIEL: Thank you,  
5 Mr. Herrera. And that advice applies to all five  
6 of the guidebooks that we will consider, or do you  
7 want to go through it each time?

8 MR. HERRERA: It does, and yeah, with  
9 your permission I'd like not to have to go through  
10 that each time.

11 (Laughter.)

12 CHAIRPERSON PFANNENSTIEL: You're the  
13 one advising us.

14 With that, is there a motion for the  
15 adoption of the renewable portfolio standard  
16 eligibility guidebook?

17 COMMISSIONER GEESMAN: I will move it,  
18 while at the same time joining the chorus of  
19 praise for the staff effort on this.

20 COMMISSIONER ROSENFELD: Second.

21 CHAIRPERSON PFANNENSTIEL: Thank you.  
22 And before we vote I want to make sure that we all  
23 understand where we would be approving it with the  
24 errata as discussed earlier, and then as  
25 elaborated and, in some cases, corrected at this

1 meeting.

2 Yes, Commissioner Byron.

3 COMMISSIONER BYRON: Madam Chair, before  
4 you vote, just about the time I get my -- I think  
5 I get my arms around this subject, about 40 pages  
6 showed up at 9:30 this morning. I have a tendency  
7 to get a little upset at the staff for that.

8 But then I start looking through the  
9 emails and seeing the late-night emails and the  
10 early-morning emails, and I realize you're  
11 probably a little upset at those that contribute  
12 to all these last-minute comments.

13 But really I'm very appreciative of the  
14 process and all those that are here today, and who  
15 provided comments. Extraordinary effort on  
16 everybody's part to help us try and get these  
17 guidelines done.

18 And so rather than get upset I'd really  
19 like to thank Mr. Herrera and Ms. Raitt, and also  
20 Dana Heinrich, the State Water Resources Control  
21 Board, and others who I can't tell behind the  
22 scenes. And everyone that was here today. Thank  
23 you all very much for helping us to get through  
24 this today.

25 CHAIRPERSON PFANNENSTIEL: Thank you,



1 Commissioner Byron. And I, also, I mean we've  
2 gone through this at the Renewables Committee for  
3 months. And I think we've focused on the right  
4 issues and I think we've gotten very good advice  
5 and help in coming up with the drafts that are in  
6 front of us.

7 So, they have been moved and seconded.

8 All in favor?

9 (Ayes.)

10 CHAIRPERSON PFANNENSTIEL: So, the first  
11 one is done.

12 MS. RAITT: Thank you, Commissioners.

13 CHAIRPERSON PFANNENSTIEL: And now we  
14 move on to item 9, the possible adoption of the  
15 Committee draft of the consumer education program  
16 guidebook. And, Ms. Raitt.

17 MS. RAITT: The changes to this  
18 guidebook went through the same -- or the proposed  
19 changes went through the same public process that  
20 we went over for the RPS eligibility guidebook.  
21 The changes to this guidebook are simply to add  
22 specific limitations on the program's funds  
23 concerning the regional accounting system, to  
24 verify compliance with the RPS. And these changes  
25 are needed to be consistent with the statutory

1 modifications that went into effect January 1,  
2 2003 -- 2007.

3 CHAIRPERSON PFANNENSTIEL: And there is  
4 no errata associated with this guidebook that I've  
5 seen.

6 MS. RAITT: No, there is no errata.

7 CHAIRPERSON PFANNENSTIEL: Given that,  
8 is there a motion?

9 COMMISSIONER GEESMAN: So moved.

10 COMMISSIONER BYRON: Second.

11 CHAIRPERSON PFANNENSTIEL: All in favor?  
12 (Ayes.)

13 CHAIRPERSON PFANNENSTIEL: The consumer  
14 education guidebook is adopted.

15 Item 10, possible adoption of the  
16 Committee draft existing renewables facility  
17 program guidebook. And, Ms. --

18 MS. RAITT: I'll ask Jason Orta to go  
19 over this one.

20 CHAIRPERSON PFANNENSTIEL: Thank you.  
21 Mr. Orta.

22 MR. ORTA: Good morning. This is Jason  
23 Orta from the Energy Commission's renewable energy  
24 office.

25 These proposed changes to the existing

1 renewable facilities program guidebook went  
2 through the same public process that the consumer  
3 education and RPS eligibility guidebook went  
4 through.

5 The proposed modifications to the  
6 existing guidebook are the following: This  
7 guidebook would allow facilities participating in  
8 the program to use up to 5 percent fossil fuel on  
9 a total energy input basis annually.

10 Additionally, this guidebook modifies  
11 the methodology for assigning target prices to  
12 facilities which would be based on monthly energy  
13 prices in cents per kilowatt hours. However,  
14 capacity payments in dollars per kilowatt year may  
15 be used to assign those target prices.

16 The Energy Commission will also reserve  
17 the right to set target prices that are based on  
18 all end prices. Additionally, this guidebook  
19 would require facilities to annually provide  
20 information on the public benefits provided by the  
21 operation of this facility.

22 One of the other requirements is that  
23 the facilities report their market value. And  
24 they will do so by using the value that has been  
25 assessed for calculating property taxes.

1           Additionally, this guidebook will state  
2           that the Energy Commission may set targets and  
3           caps for groups of facilities that have  
4           substantially similar needs. And also there will  
5           be conforming and clarifying changes to this  
6           guidebook and the supporting forms.

7           Additionally, with the Commission's  
8           permission I would like to read some errata to  
9           this guidebook that we included.

10           The bottom of page 8, the following  
11           should be added: The Energy Commission will  
12           consider applications to hold the above required  
13           information confidential under its regulations for  
14           confidential designation. California Code of  
15           Regulations, Title 20, section 2501.

16           Applicants seeking confidential  
17           designation should send their application for  
18           funding eligibility and supporting documentation,  
19           along with an application for confidentiality, to  
20           the Executive Director.

21           Additionally, this language will also be  
22           added to the existing account forms, as well.

23           And the other errata are the following:  
24           On page 12, paragraph 3, we are suggesting the  
25           following revision: Applicants for biomass

1 facilities must also submit the biomass and fossil  
2 fuel usage report for biomass facilities. This is  
3 a change from biomass fuels and fossil fuels usage  
4 report.

5 Page 17, paragraph 1, sentence 1 also  
6 makes a similar -- also recommends a similar  
7 change, as well. That change is also recommended  
8 on page 20, paragraph 3. Again, it'll be biomass  
9 and fossil fuel usage report for biomass  
10 facilities. And that change again also appears on  
11 page 28, which is also the form, name of the form,  
12 CEC-1250E-4. And the name of the form again is  
13 the biomass and fossil fuel usage report for  
14 biomass facilities.

15 Commission Staff is requesting adoption  
16 of this guidebook.

17 CHAIRPERSON PFANNENSTIEL: Thank you,  
18 Mr. Orta. Are there questions, or is there  
19 discussion? Either among the Commissioners,  
20 anybody on the phone or in the hearing room.

21 Hearing none, is there a motion to adopt  
22 the existing guidebook with errata?

23 COMMISSIONER GEESMAN: I will move the  
24 item.

25 COMMISSIONER BYRON: Second.

1 CHAIRPERSON PFANNENSTIEL: All in favor?

2 (Ayes.)

3 CHAIRPERSON PFANNENSTIEL: It's

4 approved, thank you.

5 MR. ORTA: Thank you.

6 CHAIRPERSON PFANNENSTIEL: Item 11,

7 possible adoption of the Committee draft new

8 renewable facilities program guidebook. Ms.

9 Raitt.

10 MS. RAITT: Actually I'm going to ask

11 Bill Knox to take this one, as well, thank you.

12 MR. KNOX: Good morning, Commissioners.

13 The new renewable facilities program guidebook

14 describes the supplemental energy payments and

15 process for them.

16 The proposed changes to this guidebook

17 include the following: A cap is imposed, a 10

18 percent cap, 10 percent of the total amount of SEP

19 funds are available to out-of-state facilities.

20 SEP eligibility is expanded to

21 facilities that are contracting with energy

22 service providers or community aggregators. SEPs

23 are prohibited for contracts of under ten years.

24 No SEPs will be allowed for tradeable renewable

25 energy certificates.

1           The guidelines are also changed to  
2       describe the conditions under which facilities  
3       contracting with energy service providers may  
4       receive SEPs. In addition, they expand SEP  
5       eligibility to facilities that contract with  
6       procurement entities that enter into an agreement  
7       to procure RPS eligible electricity on a retail  
8       seller's behalf.

9           And then finally they end the exclusion  
10      from SEPs for facilities that are owned by either  
11      investor-owned utilities or publicly owned  
12      utilities.

13           The only errata on this one actually are  
14      just conforming changes in one of the forms, in  
15      the seller application form for SEPs.

16           Any questions?

17           CHAIRPERSON PFANNENSTIEL: Questions,  
18      discussion? Is there a motion?

19           COMMISSIONER GEESMAN: So moved.

20           COMMISSIONER BYRON: Second.

21           CHAIRPERSON PFANNENSTIEL: All in favor?

22           (Ayes.)

23           MR. KNOX: Thank you.

24           CHAIRPERSON PFANNENSTIEL: Adopted,  
25      thank you.

1                   Item 12, possible adoption of Committee  
2           draft overall program guidebook. Ms. Raitt.

3                   MS. RAITT: Thank you. The changes to  
4           this guidebook are to add, delete and modify  
5           various terms and definitions that are applicable  
6           to the renewable energy program.

7                   CHAIRPERSON PFANNENSTIEL: Nothing else.  
8           Any questions? Is there a motion?

9                   COMMISSIONER GEESMAN: So moved.

10                  COMMISSIONER BYRON: And second.

11                  CHAIRPERSON PFANNENSTIEL: All in favor?

12                  (Ayes.)

13                  CHAIRPERSON PFANNENSTIEL: It's  
14           approved, thank you.

15                  MS. RAITT: Thank you.

16                  CHAIRPERSON PFANNENSTIEL: Thank you for  
17           a lot of hard work on all of these.

18                  Approval of minutes of the February 28,  
19           2007 business meeting.

20                  COMMISSIONER ROSENFELD: I move the  
21           minutes.

22                  COMMISSIONER GEESMAN: Second.

23                  CHAIRPERSON PFANNENSTIEL: All in favor?

24                  (Ayes.)

25                  CHAIRPERSON PFANNENSTIEL: Minutes are



1 approved.

2 Commission Committee presentations.

3 Anybody have anything to raise or report?

4 Nothing.

5 Chief Counsel's report.

6 MR. CHAMBERLAIN: Yes, Madam Chairman,  
7 at the last meeting I was so engaged in your  
8 meeting that I was not looking at my Blackberry,  
9 and therefore did not note that the Supreme Court  
10 has rejected the most recent challenge to the  
11 Commission's decision in the San Francisco  
12 Reliability Energy case. So I report that to you  
13 today.

14 In addition, I need a brief closed  
15 session to discuss the design of litigation  
16 cudgels.

17 CHAIRPERSON PFANNENSTIEL: Thank you.  
18 We'll have a cudgel discussion.

19 Executive Director's report, Mr.  
20 Blevins.

21 EXECUTIVE DIRECTOR BLEVINS: Madam  
22 Chairman, one brief item. I wanted to embellish  
23 on the Rohnert Park item that was presented  
24 earlier by Mr. Hudler. And just make a comment  
25 relative to his climate change comment.

1           I think, as some of you know, the  
2       Climate Action Team recommended local governments  
3       be a potential sector for meeting the Governor's  
4       target. I suspect that the Air Resources Board,  
5       in implementing AB-32, will likely consider  
6       carrying that forward as a sector under its rules  
7       and regulations.

8           The nature of our Title 24 standards and  
9       the ability of local governments to go beyond  
10      those standards is going to probably create  
11      something that the Commission-- create a situation  
12      that the Commission may want to think through.  
13      Because obviously you have a process there by  
14      which we come up with a specific expected amount  
15      of savings from our standards. And they're in a  
16      position where they can come and create a  
17      quantitative point beyond that.

18           The degree to which they are a sector  
19      and there's going to be potentially a value  
20      assigned to that additional increment, and that  
21      value may be traded in some future scheme, that  
22      can have some implications clearly for the number  
23      of these things that may be coming forward.

24           And then the other aspect of this is, as  
25      you know, they come forward but we don't

1 necessarily pass judgment on the economic payback,  
2 if you will, period for those additional  
3 increments.

4 CHAIRPERSON PFANNENSTIEL: Excuse me,  
5 they just show us that they have done one.

6 EXECUTIVE DIRECTOR BLEVINS: That's  
7 right. So, you know, it's very timely, with  
8 Rohnert Park coming forward, just to bring this to  
9 your attention and this is something that's going  
10 to work its way out over time.

11 But I think it's very invaluable to the  
12 Commission to start thinking now about the  
13 implications of what AB-32 might do relative to  
14 local government process in extending the  
15 standards.

16 Thank you.

17 CHAIRPERSON PFANNENSTIEL: Thank you.  
18 Mr. Smith, Leg Director's report.

19 MR. SMITH: Thank you, Chairman,  
20 Commissioners. I just want to briefly bring you  
21 up to speed on the new things that have been  
22 happening and that will be happening.

23 Last week was an extremely busy week for  
24 my office, and some of the division staff. We had  
25 a request from the Governor's Office for analyses

1 on 18 separate bills that we received on Monday  
2 afternoon, were due Friday.

3 We dropped one, so we had 17. But then  
4 added eight on our own initiative. So all but  
5 three were submitted to Resources Agency and we  
6 are working on the last two or three now.

7 So, I feel very very good about that,  
8 and I really appreciate the work that the  
9 individual divisions did, and leg coordinators and  
10 your offices, as well, in helping move those  
11 things forward.

12 In terms of upcoming events, let me  
13 first say yesterday we had the Senate energy  
14 hearing on long-term electricity forecasting and  
15 planning. And Commissioner Geesman made a very  
16 detailed presentation on the Commission's  
17 perspectives.

18 I understand that we have something of  
19 an assignment or assignments that have come out of  
20 that hearing, so I'll be working with your offices  
21 and with staff to make sure we provide that  
22 information.

23 Upcoming events. I'm, at this point,  
24 prepared to coin a new old saying, and that is,  
25 which is new is old again. Just when we thought

1 the Assembly utilities and commerce committee  
2 hearings were finally set, they are now old again.  
3 And let me walk you through these changes.

4 The Assembly utilities and commerce  
5 hearing on March 19th on the status of the RPS,  
6 that is now being moved to March 26th at 2:00 p.m.  
7 It was scheduled for 2:00 p.m. on the 19th.

8 The Assembly utilities and commerce  
9 committee hearing on the summer of 2007  
10 electricity forecast, which Commissioner Byron was  
11 going to present at, was moved to March 26th very  
12 recently; is now been moved to March 29th. And  
13 that will begin at the adjournment of the floor  
14 session which may be approximately 10:00 a.m.

15 Shall I go over that again?

16 CHAIRPERSON PFANNENSTIEL: Or later.

17 MR. SMITH: Each of you received an  
18 email from Ed Randolph of the committee staff.

19 Also, on Monday, March 26th, is the  
20 Assembly transportation committee meeting on bills  
21 that are important to us. They will be hearing  
22 AB-255, which is Kevin deLeon's clean air and  
23 energy independence fund bill, establishing a  
24 funding source for alternative fuels development  
25 in California.

1                   Okay, getting back on track. Tuesday,  
2           March 27th Senate transportation and housing  
3           committee will be meeting. There's five bills  
4           there of interest to us. They will be in the  
5           hearing. Senator Flores' SB-71, one of a package  
6           of seven biodiesel-related bills that he's  
7           introduced. SB-75, another one of his seven  
8           biodiesel bills.

9                   Senator Kehoe's SB-140, which is her  
10          renewable diesel fuel bill, which is a mirror  
11          image of the bill she introduced last year, SB-  
12          1675. Also, Kehoe's SB-210, which is her bill to  
13          basically codify the low carbon fuel standard  
14          initiative the Governor's started with his  
15          executive order.

16                  There's also a provision in there for  
17          the Commission to report on its energy report.  
18          And so we'll be taking a close -- on the  
19          effectiveness of that, the implementation of the  
20          standards -- so we'll be taking a close look at  
21          that.

22                  And lastly, Kehoe's SB-494, which is  
23          very similar, if not identical, actually identical  
24          to Assemblymember Joe Nation's bill last year  
25          dealing with percentage of new vehicles in

1 California that must be ready to use alternative  
2 fuels.

3 Also on April 10th the Assembly  
4 judiciary committee will be hearing AB-985 by  
5 Saldano. This bill would change the appeal of  
6 Commission decisions. And let me just very  
7 quickly read it to you.

8 It said: This bill would allow  
9 decisions of the CPUC and the Energy Commission  
10 that are currently subject to judicial review only  
11 by the Supreme Court, to be also reviewable by a  
12 court of appeal. So we'll be working, and all  
13 working very closely with Arlene Ichien in the  
14 Chief Counsel's Office on this particular bill.

15 Regarding budget committee meetings,  
16 surprisingly no date changes that I have to  
17 report. But let me just reiterate from earlier  
18 communications. The Senate budget fiscal review  
19 committee number two, their prehearing is, at  
20 least for now, scheduled for March 27th at 2:00  
21 p.m.

22 The Senate budget and fiscal review  
23 hearing is scheduled for April 19th at 10:00 a.m.  
24 And the Assembly budget subcommittee number three  
25 prehearing may be held either on April 5th or 6th.

1 And that date we need to determine the appropriate  
2 date the committee staff is giving us. And the  
3 Assembly budget committee hearing is scheduled for  
4 April 18th.

5 And the only other item I had to report  
6 is we are reviewing the PIER annual report, which  
7 is scheduled to be posted today for consideration  
8 by the Commission at the March 28th business  
9 meeting. And is due to the Legislature at the end  
10 of this month.

11 And that's all I have to report. If  
12 there's any questions I'd be happy to answer them.

13 CHAIRPERSON PFANNENSTIEL: Questions?  
14 Yes, Commissioner Geesman.

15 COMMISSIONER GEESMAN: The Leg Analyst  
16 report had suggested that the Assembly and Senate  
17 policy committees and budget subcommittees  
18 contemplate joint hearings on RPS. Is there any  
19 indication that there will be such joint hearings?

20 MR. SMITH: I have not seen such an  
21 indication, Commissioner. I know they made that  
22 recommendation, but they still seem to be holding  
23 to the separate but parallel hearing tracks.

24 COMMISSIONER GEESMAN: Thank you.

25 CHAIRPERSON PFANNENSTIEL: Thanks, Mike.



1 Public Adviser report. Nobody from the Public  
2 Adviser's Office.

3 Any further public comment?

4 If not, we will reconvene in my office  
5 for a brief closed session.

6 (Whereupon, at 11:36 a.m., the business  
7 meeting was adjourned into Executive  
8 Session.)

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## CERTIFICATE OF REPORTER

I, PETER PETTY, an Electronic Reporter,  
do hereby certify that I am a disinterested person  
herein; that I recorded the foregoing California  
Energy Commission Business Meeting; that it was  
thereafter transcribed into typewriting.

I further certify that I am not of  
counsel or attorney for any of the parties to said  
meeting, nor in any way interested in outcome of  
said meeting.

IN WITNESS WHEREOF, I have hereunto set  
my hand this 28th day of March, 2007.

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